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Corp report



ANNUAL REPORT 1971

THE FIDELITY TRUST COMPANY

SINCE 1909



FINANCIAL HIGHLIGHTS

	1971	1970	1969	1968	1967
Total Assets under Administration ..	26,569,403	19,388,023	14,159,105	10,076,410	8,297,802
Total Assets	22,857,801	17,707,980	13,530,109	9,712,772	7,850,467
Gross Income	2,314,755	1,808,065	1,128,471	800,132	585,300
Interest paid to Depositors	1,323,218	1,107,561	700,097	469,998	344,136
Net Income Prior to Tax	427,175	165,183	100,706	59,664	41,699
Income Tax	141,816	55,165	37,283	—	—
Net Income for Year	285,359	110,018	63,423	59,664	41,699
Capital and Reserves	1,636,720	1,387,180	1,119,201	696,736	592,488
Earnings per share	+23½c	+10c	+6½c	+8½c	+6c
Dividends Paid	5c	4c	—	—	—
Average Number of Employees	38	34	33	32	20
Number of Shareholders at Year End	263	264	265	240	175



DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

John Stuart McMahon
Neil Cameron Walker Wood
Andrew Kingsmill Stephens
Richard Wilson Smith
James Edward Perkins, LL.B.
James Sylvester McGoey, M.D.
Edmund Boyd Osler, M.P.
John Klassen
Donald Savigney Paterson
Harvey Allan McDiarmid
Frank Luther Ernst
Esther Moscovitch Genser
Bruce H. Codville
Joseph C. Stangl
Gordon B. Wiswell

Winnipeg, Man.
Winnipeg, Man. & Vancouver, B.C.
Winnipeg, Man.
Winnipeg, Man.
Winnipeg, Man.
Winnipeg, Man.
Winnipeg, Man. & Ottawa, Ont.
Winnipeg, Man.
Winnipeg, Man.
Vancouver, B.C.
Winnipeg, Man.
Winnipeg, Man.
Winnipeg, Man.
Winnipeg, Man.
Winnipeg, Man.

OFFICERS AND EXECUTIVE COMMITTEE

J. S. McMahon
N. C. W. Wood
R. W. Smith
A. K. Stephens
J. E. Perkins, LL.B.
F. L. Ernst
J. C. Stangl
G. B. Wiswell

Chairman of the Board
President and General Manager
Vice President
Vice President
Secretary-Treasurer
Director Exec. Comm.
Director Exec. Comm.
Director Exec. Comm.

CHARTERED ACCOUNTANTS

Glendinning, Jarrett, Gould & Co.

SHARES LISTED

Vancouver & Winnipeg Stock Exchanges

MEMBER: CANADA DEPOSIT INSURANCE CORPORATION



DIRECTORS' REPORT

TO THE SHAREHOLDERS

Your Directors are pleased to present the Annual Report of your Company for the year ending December 31, 1971.

A brief glance at the Financial Highlights on Page 1 of this report, indicates the excellent progress we have been able to sustain. A new column has been added, "Total Assets Under Administration." The reason for this is the rapid increase in estate and agency assets administered and the anticipation of a considerable further increase in the next few years, as more effort is directed towards the many fiduciary services offered by your Company.

For the first time in many years your management anticipates a more competitive climate for the investment of funds in mortgages. This coupled with the increased requirements for mortgage loans by your Company has necessitated seeking other markets outside of Manitoba. A Regional Office has been opened in the Province of British Columbia for the purpose of lending money in that Province on mortgage loans, insured under the provisions of The National Housing Act.

Initial indications are that such an operation will prove most profitable to your Company, and lead to the establishment of several similar locations throughout Canada.

Trust and Loan Companies in Canada for the most part are incorporated within a Province of Canada, and at one time it was a simple matter to become registered extra-provincially in all the Provinces of Canada. Today, however, we have varied legislation throughout the country with each province supervising both its own incorporated companies and extra-provincial corporations, creating confusion in the minds of the public and the corporations. The advent of the Canada Deposit Insurance Corporation has brought some unification to the industry as far as certain guidelines are concerned, but by no means eliminates the role of provincial jurisdiction. Because of this and the fact that your Company has adhered to the standards set forth by the Federal Authorities who have been responsible for the supervision of Manitoba-incorporated trust companies for many years, it has been thought advisable by your board to apply for Transjurisdictional Incorporation to continue as a Federal Corporation, in this manner being responsible to one authority only.

Your company, has, therefore, applied to the Legislature of the Province of Manitoba for a special act to permit the company to apply for Transjurisdictional Incorporation to continue as a Federal Trust Company. It is anticipated that upon the coming into force of this act, an application to the Federal Authorities will be successful.

1971 marked the second consecutive year of dividend payments by the Company and a 25% increase over the previous year. It is expected that this policy will be continued on a conservative basis whenever prudent.

1972 has the appearance of being another good year for your Company, authorised borrowing limits of 18 times capital and surplus will allow assets to climb to approximately 30 million before additional capital is required.



Directors' Report (Cont'd.)

Your company has a substantial interest in Comcheq Services Limited, a computer service company specializing in the payroll preparation field. Comcheq has steadily increased its share of the market and utilized current earnings to finance its own expansion into the major cities in Canada. The company now operates centres in Calgary, Winnipeg, and Toronto with plans afoot for further offices in 1972.

While this phase continues we cannot expect any appreciable returns on our investment, however, further growth at the present rate over the next few years will result in this company having achieved a substantial position in its field of endeavour.

The success of any corporation is largely dependant upon the efforts of the many people who devote their time and energy to the work at hand. Your Directors would like to express their thanks to all members of the staff for their continued hard work and loyalty to the Company.

We welcome a new Director to our board in the person of Mr. Gordon B. Wiswell. Mr. Wiswell's many years of experience in the business world well qualify him for such a position.

J. S. McMAHON
Chairman of the Board
N. C. W. WOOD
President & General Manager

AUDITORS' REPORT

To the Shareholders,
The Fidelity Trust Company.

We have examined the balance sheet of The Fidelity Trust Company as at December 31, 1971 and the statements of income, contributed surplus, general reserve and retained earnings for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1971 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Glendinning, Jarrett, Gould & Co.

Chartered Accountants

Winnipeg, Manitoba,
January 28, 1972.



THE FIDELITY TRUST COMPANY

STATEMENT OF INCOME

Year Ended December 31, 1971

	1971	1970
Revenue		
Interest from mortgages and loans	\$1,529,008	\$1,216,705
Interest and dividends from investment securities	258,944	195,571
Gain on sale of investment securities	117,194	48,598
Real estate department	158,903	187,580
Other	250,706	159,611
	<u>2,314,755</u>	<u>1,808,065</u>
Expense		
Interest on deposits and guaranteed investment certificates	1,323,218	1,107,561
Salaries, bonuses and employee benefits	211,606	174,681
Administration	52,898	40,053
Branch offices	18,776	20,889
Real estate department	149,625	170,745
Advertising	10,119	8,054
Depreciation	15,879	13,000
Sundry	105,459	107,899
	<u>1,887,580</u>	<u>1,642,882</u>
Income before income taxes	427,175	165,183
Income taxes	141,816	55,165
Net income for the year (note 9)	\$ 285,359	\$ 110,018

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THE FIDELITY TRUST COMPANY

STATEMENTS OF CONTRIBUTED SURPLUS, GENERAL RESERVE AND RETAINED EARNINGS

For The Year Ended December 31, 1971

	1971	1970
STATEMENT OF CONTRIBUTED SURPLUS		
Balance, beginning of year	\$ 12,882	\$ 12,882
Add: Proceeds in excess of par value of capital stock issued during the year	275	
Balance, end of year	\$ 13,157	\$ 12,882

STATEMENT OF GENERAL RESERVE		
Balance, beginning of year (formerly shown as mortgage reserve— not part of equity)	\$ 90,000	\$ 43,603
Transfer from retained earnings	110,000	46,397
Balance, end of year	\$200,000	\$ 90,000

STATEMENT OF RETAINED EARNINGS		
Balance, beginning of year	\$ 64,092	\$ 16,970
Add: Net income for the year	285,359	110,018
	349,451	126,988
Deduct:		
Dividends paid	61,010	41,830
Transfer to general reserve—net of deferred income taxes of \$23,816; 1970—\$25,331	86,184	21,066
	147,194	62,896
Balance, end of year	\$202,257	\$ 64,092



THE FIDELITY TRUST COMPANY
(Incorporated by special act of the Manitoba Legislature)

ASSETS	1971	1970
CASH AND DEPOSIT RECEIPTS	\$ 1,861,757	\$ 1,044,428
INVESTMENT SECURITIES		
Bonds (note 2)	4,288,307	3,251,715
Stocks, at cost (market value \$304,975; 1970—\$129,648)	329,900	156,943
	4,618,207	3,408,658
LOANS AND ADVANCES		
Mortgages, including accrued interest (note 3)	15,540,160	12,493,535
Collateral loans	54,060	76,283
Accounts receivable	40,277	68,509
Advances to estates, trusts and agencies	11,627	2,881
	15,646,124	12,641,208
PROPERTIES HELD FOR SALE, at cost less mortgages payable of \$3,382; 1970—\$33,872	23,526	63,529
INCOME PROPERTY, at cost less accumulated depreciation of \$16,708; 1970—\$7,832	581,688	415,739
INVESTMENT IN RELATED COMPANY, Comcheq Services Ltd., at cost	20,130	20,100
INVESTMENT IN 50% OWNED COMPANY, at cost (note 4)	64,000	64,000
OTHER ASSETS		
Furniture and leaseholds, at cost less accumulated depreciation of \$38,386; 1970—\$30,803	30,208	34,210
Prepaid expenses and deferred charges	12,160	16,107
Mineral rights, at nominal value	1	1
	42,369	50,318
	\$22,857,801	\$17,707,980
ESTATES, TRUSTS AND AGENCIES UNDER ADMINISTRATION	\$ 3,711,602	\$ 1,680,043



Balance Sheet — December 31, 1971

(with comparative figures at December 31, 1970)

LIABILITIES	1971	1970
DEPOSITS	\$ 5,191,053	\$ 2,685,051
GUARANTEED INVESTMENT CERTIFICATES	15,898,755	13,568,082
(note 5)	21,089,808	16,253,133
OTHER LIABILITIES		
Accounts payable and accrued liabilities	42,373	54,392
Income and other taxes payable	88,900	13,275
	131,273	67,667
	21,221,081	16,320,800

SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 6)

Authorized

2,000,000 common shares, par value \$1 each

Issued

1,221,306 common shares (1,220,206 shares in 1970)

CONTRIBUTED SURPLUS	13,157	12,882
GENERAL RESERVE	200,000	90,000
RETAINED EARNINGS	202,257	64,092
	1,636,720	1,387,180

Approved on behalf of the Board:

..... A. K. STEPHENS Director. \$22,857,801 \$17,707,980

..... J. C. STANGL Director.



THE FIDELITY TRUST COMPANY

NOTES TO FINANCIAL STATEMENTS

December 31, 1971

1. General

The comparative figures for 1970 were reported on by other auditors and certain of those figures have been reclassified to make them comparable with the current year.

2. Investment securities—bonds

Investments in bonds are stated at cost plus accrued interest. Total cost, excluding accrued interest of \$63,565 is \$4,224,742 and total par value is \$4,241,000. An analysis is as follows:

	1971	1970
Canadian and provincial government guaranteed	\$ 3,142,090	\$ 2,290,382
Municipal	47,378	47,572
Corporate	1,098,839	913,761
	\$ 4,288,307	\$ 3,251,715

3. Mortgages

Mortgages include government insured loans of \$6,344,338 in 1971 and \$3,417,713 in 1970.

4. Investment in 50% owned company

Nanton Building (1965) Ltd.

	1971	1970
250 common shares	\$ 48,000	\$ 48,000
Advances	16,000	16,000
	\$ 64,000	\$ 64,000

5. Assets held for guaranteed deposits

	1971	1970
Cash and deposit receipts	\$ 1,637,516	\$ 910,184
Bonds	3,887,879	2,547,370
Stocks	329,900	
Mortgages, including accrued interest	15,206,497	12,367,530
Collateral loans	28,016	12,310
Income property		415,739
	\$21,089,808	\$16,253,133



THE FIDELITY TRUST COMPANY

NOTES TO FINANCIAL STATEMENTS (Cont'd.)

December 31, 1971

6. Capital stock

At December 31, 1971, 324,919 (326,019 in 1970) share purchase warrants exercisable to March 31, 1974 at \$1.25 per share are outstanding and the required shares are reserved.

During the year 1,100 shares were issued for cash.

7. Officers' and directors' remuneration

The aggregate direct remuneration paid to officers and directors amounted to \$33,215 (\$22,742 in 1970).

8. Long-term leases

The company rents premises under long-term leases. The annual rentals under these leases, exclusive of taxes, utilities and other occupancy expenses are as follows:

1972 and 1973	\$17,640
1974	9,740
1975	450

9. Earnings per share

	1971	1970
Basic earnings per share	\$.234	\$.099
Basic earnings per share figures are calculated using the weighted monthly average of shares outstanding during the respective fiscal years.		
Fully diluted earnings per share	\$.198	\$.090

In the fully diluted earnings per share calculation, the assumption is made that the share purchase warrants for the purchase of 324,919 common shares at \$1.25 (326,019 in 1970) had been exercised at the beginning of the year and that the funds derived therefrom had been invested to produce an annual after tax return of 5%.

BEAUTIFUL BRITISH COLUMBIA

1971 marked the 100th Anniversary of the entry
of the Province of British Columbia into Confederation.

VANCOUVER 1893

(Photo from Vancouver City Archives)



1893-Vancouver B.C. from Hotel Vancouver **BALTY 1893, PHOTO, VANCOUVER, B.C.**
Vancouver, 1893. Granville and Georgia St. from roof of Hotel Vancouver. Showing "C.E.R. Park". Hudson's Bay Co's new store, opened 21st Sept. 1893. New York Block erected 1884.
Bank of Montreal, new building, corner Dunsmuir St., occupied (office) Sept. 1893, and upstairs residence, 20 Feb. 1894. Single track street car line, double track laid, Aug. 1895.
The probable date of this photo is Sept. or Oct. 1893. Van Horne Block on extreme left. Methodist Church spire, St. Ann's Academy spire, Holy Rosary Lower, Rep. of Rep. spirit C.Y. St. N. ... P.B.I. City Archives.

VANCOUVER 1971

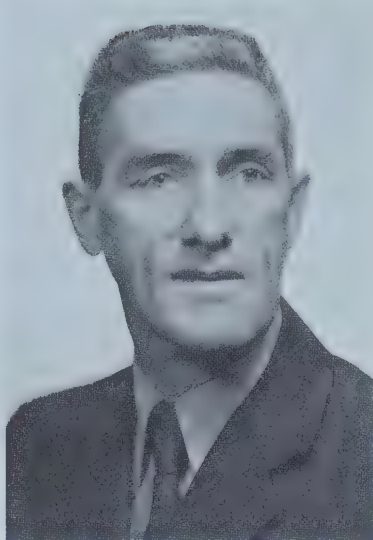
(BRITISH COLUMBIA GOVERNMENT PHOTO)



A FEW OF THE FACES AT FIDELITY



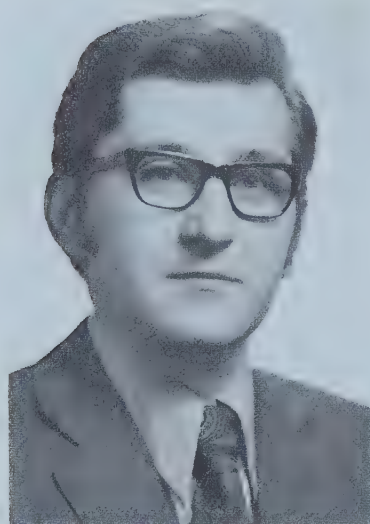
JAMES E. PERKINS, LL.B.
Secretary-Treasurer
and Manager Manitoba Division



ROBERT H. LINDSAY
Comptroller and
Assistant Secretary
Head Office



LORNE R. C. ELLIOTT
Manager Mortgage Department
Western Operations



RUSSEL T. CHERWAK
Office Manager
Head Office



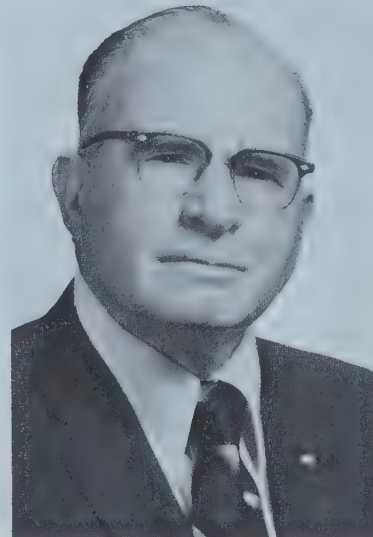
VICTOR SAMOL
Manager Real Estate Department
Manitoba Division



JOHN LIDDELL
Manager Academy Road Branch
Winnipeg



DENIS SMITH
Manager, Main Street Branch
Winnipeg



EDWARD S. ROSS
Manager Portage Ave. Branch
Winnipeg



JOHN CRANWILL
Assistant Mortgage Manager
Winnipeg



LOCATIONS

HEAD OFFICE

291 Garry Street,
Winnipeg 1, Manitoba.

DEPARTMENTS:

Savings & Chequing
Mortgage & Loan
Estate & Agency

REAL ESTATE DIVISION

417 Academy Road, Lower Level.

MANITOBA BRANCHES

River Heights,
417 Academy Road,
Winnipeg 9, Manitoba.

North Central
1355 Main Street,
Winnipeg 4, Manitoba.

Downtown,
447 Portage Avenue,
Winnipeg 1, Manitoba.

291 Garry Street,
Winnipeg 1, Manitoba.

British Columbia Regional Office:

430A - 999 West Pender,
Vancouver 1, B.C.

